TECH FINANCIAL SERVICES

2013

Section 179 Federal Income Tax Deduction

The Section 179 Federal Income Tax Deduction has been changed as part of the American Taxpayer Relief Act of 2012 and it allows a company in 2013 to deduct $500,000 of equipment for companies purchasing up to $2,000,000 in equipment. It phases out between $2,000,000 and $2,500,000. Therefore, once a company has purchased $2,500,000 of equipment they are not allowed any 179 deduction. However, finance purchases with operating leases are not included in the company's total investments.

50% First Year Bonus Depreciation

The American Taxpayer Relief Act of 2012 also allows for a special 50% Bonus Depreciation for NEW equipment placed in service during 2013 for the production of income before January 1, 2014. This deduction allows an additional 50% first-year depreciation on the adjusted basis of qualified new equipment.

EXAMPLE OF 2013 TAX STIMULUS

$ 650,000	New Machinery Equipment Acquired in 2013
$ 500,000	First Year Write Off
$ 75,500	50% Bonus Depreciation of the Balance of $150,000
$ 15,000	Normal First Year Depreciation
$ 590,000	**Total First Year Deduction**
$ 212,400	**Cash Savings** based on Company with 36% Tax Rate
$ 437,600	Equipment Cost After Tax

Note: Machine tools and fabricating equipment are typically depreciated over 7 years. Please consult with your accountant. The above calculations are only estimates and everyone's tax situation is different.

CONTACT THE EQUIPMENT EXPERTS TODAY AT:

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Please check with your accountant to always confirm eligibility for tax benefits.

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